

Advanced Manufacturing National Program Office

**Draft Guidance on
Intellectual Property Rights for the
National Network for
Manufacturing Innovation**

Edited by

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http://www.manufacturing.gov/docs/nnmi_draft_ip.pdf

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Forward

The interagency Advanced Manufacturing National Program Office (AMNPO) is hosted by the National Institute of Standards and Technology (NIST). Creation of the AMNPO flows from the recommendation of the President's Council of Advisors on Science and Technology (PCAST), in its June, 2011, Report to the President on Ensuring American Leadership in Advanced Manufacturing,¹ that the Federal government launch a concerted, whole-of-government Advanced Manufacturing Initiative. To that end, this interagency office is charged with:

- Convening and enabling industry-led, private-public partnerships focused on manufacturing innovation and engaging U.S. universities, and
- Designing and implementing an integrated whole-of-government advanced manufacturing initiative to facilitate collaboration and information sharing across federal agencies.

By coordinating federal resources and programs, the AMNPO seeks to enhance technology transfer in U.S. manufacturing industries and help companies overcome technical obstacles to scaling up production of new technologies.

The National Network for Manufacturing Innovation (NNMI) program proposed by President Obama has the goal of advancing American domestic manufacturing.² The program will seek to accomplish this by creating a robust national innovation ecosystem anchored by a network of Institutes for Manufacturing Innovation (Institutes). The NNMI will fill a gap in the innovation infrastructure, allowing new manufacturing processes and technologies to progress more smoothly from basic research to implementation in manufacturing. The NNMI program will have a scale and focus that is unique, and it is built upon concepts of a strong public-private partnership.

Abstract

Using a strategy of broad public engagement, in April 2012, the Advanced Manufacturing National Program Office (AMNPO) began collecting input on the National Network for Manufacturing Innovation (NNMI) program design. The collection of information from the public was initiated by a NIST Request for Information (RFI), published in the *Federal Register*,³ followed by a series of regional workshops sponsored by AMNPO partner agencies and focused on the issues presented in the RFI. Reports summarizing the responses to the RFI and the comments received at each workshop were published.⁴ In January 2013, the *National Network for Manufacturing Innovation: A Preliminary Design* report was published, built upon public input received.⁵ This AMNPO document utilizes the information gathered and puts forth draft guidance associated with Intellectual Property (IP) as it relates to the proposed NNMI program, especially as it relates to the sustainability and industry impact of the individual Institutes that will comprise the NNMI.

¹ Report available at <http://www.whitehouse.gov/sites/default/files/microsites/ostp/pcast-advanced-manufacturing-june2011.pdf>.

² President Obama to Announce New Efforts to Support Manufacturing Innovation, Encourage Insourcing ; <http://www.whitehouse.gov/the-press-office/2012/03/09/president-obama-announce-new-efforts-support-manufacturing-innovation-en>.

³ "Request for Information on Proposed New Program: National Network for Manufacturing Innovation (NNMI)," 77 FR 26509, May 4, 2012. Available at <https://federalregister.gov/a/2012-10809>.

⁴ Reports are available at http://www.manufacturing.gov/pubs_resources.html, under the "Advanced Manufacturing National Program Office (AMNPO)" heading.

⁵ Available at http://www.manufacturing.gov/pubs_resources.html.

Report

A. BACKGROUND

The Advanced Manufacturing National Program Office (AMNPO) Intellectual Property (IP) task team was formed to investigate IP matters as they relate to the proposed National Network for Manufacturing Innovation (NNMI or Network) program and develop draft performance-based principles that would govern IP for the NNMI and at the Institutes of Manufacturing Innovation (Institutes) that are created once appropriate legislation has been enacted.⁶ The NNMI program intends to establish a network of Institutes intended to anchor a region and the Nation's innovative infrastructure and maximize impact on American manufacturing. This set of principles would allow Institute applicants to propose their plans for how IP rights for a specific Institute would be optimally protected, shared and allocated.

B. RECOMMENDATIONS

This document addresses key issues associated with IP, especially as related to Institute sustainability and industry impact. The IP provisions of the Bayh-Dole Act are a proven framework for promoting the commercialization and public availability of federally funded research, and are thus the starting point for NNMI IP discussions. Additional considerations are presented here to further promote performance metrics and establish the IP rights of government, Institute and partners, such as:

- IP rights should encourage sustained Institute membership starting from Institute formation, and should discourage members from “fence sitting” or delaying their involvement.
- IP rights should be structured to encourage smaller firms to participate, since small to medium-sized enterprise (SME) involvement in the Institutes is essential.
- IP rights and licensing terms should promote Institute sustainability beyond initial Federal funding.
- Federal Government rights in IP resulting from federally funded research and development awards should be treated in accordance with existing legislation and regulation.
- Publication, data management and export control issues need to be defined.

The draft recommendations herein rely heavily on existing statutes, administrative practices and federal policies regarding funded research. This document makes general recommendations for the program elements related to IP while considering performance metrics. It separates issues into two categories: those that are thought to be important enough to receive attention in the program formulation (Institute Required⁷); and other topics that are thought to be suitable for Institutes to develop their own practices (Institute Discretionary⁸). The draft recommendations are presented in the following table.

⁶ Current proposed legislation includes H.R.2996 entitled “*Revitalize American Manufacturing and Innovation Act of 2013*,” found at <http://thomas.loc.gov/cgi-bin/bdquery/z?d113:HR02996>; and the corresponding “*Revitalize American Manufacturing and Innovation Act of 2013*” introduced on August 1, 2013 by U.S. Sens. Sherrod Brown (D-OH) and Roy Blunt (R-MO).

⁷ “Required” corresponds to a principle that is considered critical for Institute sustainability and maximizing the industry impact of resulting technology.

⁸ “Discretionary” corresponds to a principle that is recommended but is left to the discretion of each individual Institute to determine if such a principle better serves its members in protecting their IP while maximizing the likelihood of IP commercialization.

	Principle	Institute	
		Required	Discretionary
Institute Rights	1. *An Institute shall receive a royalty-free, non-exclusive research license to IP generated with Institute or federal funding. Institutes shall have a continued ability to conduct research using such IP for research purposes and can grant commercial license to third parties. Institutes shall determine the terms of distribution of IP (free or royalty bearing license; license limitations; tiered rates or constant; share of royalties to inventors) and negotiate assignment and/or licensing to Institute members.	X	
	2. Institutes should be able to decide for themselves whether any Institute member can provide “in-kind” contributions, including IP, in lieu of membership fees, and should be able to determine the monetary value for such contributions.		X
	3. The rights and obligations regarding IP sharing and IP ownership of initial members of an Institute as opposed to organizations or companies that join later should be defined by the Institutes		X
	4. There must be an IP Management Plan submitted to the NNMI program as part of any application to become an Institute or join the NNMI program.	X	
	5. Contents of the IP Management Plan should be determined by the proposers/Institutes.		X
	6. *Upon the dissolution of an Institute, existing IP licenses must be treated according to the particular terms stated in the license agreements and the Institute’s IP Management Plan. IP for which title is not owned by the Institute, but which is licensed by the Institute and sublicensed to its member(s) must have the sublicense survive Institute dissolution. Should an Institute cease to exist due to bankruptcy, IP for which title is owned by the Institute must be treated as an asset by a bankruptcy judge.	X	
Project Specific	7. The Institute must be free to pursue non-government funded contract research for industry as a route to sustainability.	X	
	8. The use of government-funded Institute equipment and facilities during research conducted at an Institute solely with industry funds (including full overhead) should not create a government use right or “march in right” for resultant IP.	X	
Government Rights and Interests	9. *The Bayh-Dole Act and regulations will apply to medium and large businesses, and all contractors regardless of type, giving them the same IP ownership election rights (inventor may retain title to generated IP, not funder) as small businesses and non-profits.	X	
	10. Foreign companies may become a member of an Institute and/or may participate in Institute activities when it is in the economic interest of the United States. The national impacts of the proposed membership and/or participation on domestic manufacturing must be evaluated as part of any application to become an Institute or join the NNMI program, or while an Institute is part of the Network.	X	

	11. Impact on domestic manufacturing must be evaluated as part of any application to become an Institute or join the NNMI program.	X	
	12. The language used in the proposal for an Institute addressing impact on domestic manufacturing must be written into the Institute award and be a requirement for eligibility for subsequent competitive grant funding described in the January 2013 NNMI Preliminary Design. ²	X	
	13. A Data Management Plan must be submitted that screens companies and data for export control. All proposals must have a plan to comply with export control law.	X	
	14. The Federal government has the right to select any application to become an Institute or join the NNMI network, in whole or in part, as a part of any award or agreement negotiation.	X	
	15. An Institute within the NNMI shall have policies that allow for the results of federally funded research to be made publicly available through publication. However, some data may have significant proprietary value, and it is permitted to require waiting a reasonable period of time before publishing. Each application should establish procedures for publication review prior to publication.		X

*Note: It is recognized that some of these principles may conflict with existing technology transfer law and regulations for some Federal agencies, particularly the Bayh Dole Act and its implementing regulations. Appropriate legislative action would be necessary if it were desired to implement those recommendations consistently for all Federal agencies.

C. CONCLUSIONS

The draft IP recommendations that are open for public comment and contained in this document are intended to address the primary IP issues that Institutes created once appropriate legislation has been enacted will need to address. This document presents items of focus for the Federal Government and Institutes, and classifies them as either required or discretionary for the Institutes. With guidance, it is intended that Institutes will develop specific IP rules.

The intent of this draft guidance is to provide great flexibility to the Institutes in designing their IP plans while preserving key IP rights. Chief among these rights are: the government's right to practice IP developed through federally funded research and development awards; an Institute shall receive a royalty-free, non-exclusive research license to IP generated with Institute or federal funding and can grant commercial license to third parties; the right for Institutes to establish a tiered royalty system for members and for non-members (if IP is to be licensed to non-members); the ability of Institutes to enter into contracts to perform research; and the need for evaluation criteria that emphasize American manufacturing impact.